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ONE HUNDRED SEVENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON THE JUDICIARY

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July 8, 2002

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The Honorable Harvey Pitt
Chairman
The Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549

Dear Mr. Chairman:

As revelations of corporate fraud continue to shake the country's economic foundation, it has become clear that the Securities and Exchange Commission must play an instrumental role in investigating allegations of misconduct. Such investigations will require the leadership of individuals who will not only conduct fair and objective assessments, but the involvement of credible investigators perceived by the American people to be free from any conflicts of interest.

Because of your deeply rooted involvement in many of the industries under investigation, it is with much regret that I must join other Members of Congress in calling on you to resign as Chairman of the Securities and Exchange Commission. In the last several months, you have been tied to disturbing developments in corporate America in a number of ways that, in my view, compromise the perceived integrity of the Commission and fraud investigations. There is a perception amongst the public that, when it comes to this Administration's policing of white collar fraud, the fox may be guarding the henhouse. Among my concerns are the following:

- As the leading advocate for the accounting industry for a number of years, your ability to objectively regulate this industry appears compromised. In the initial furor over the Enron scandal, for example, you endorsed weak reforms that were tacitly endorsed by the industry itself. The widespread feeling is that you have been reluctantly dragged kicking and screaming into reform.
- Recent reports also indicate that you have failed to distance yourself from your former clients and colleagues. Your meeting with the head of one of the nation's largest accounting firms, KPMG, regarding a pending investigation is an example of the dangers

The Honorable Harvey Pitt

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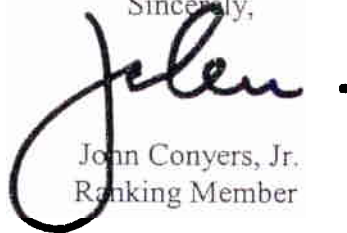
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of investigating an industry to which you remain tied. Similar concerns have been raised regarding your meeting last December with Xerox CEO Ann Mulcahy.

- As the SEC continues to look into allegations of misconduct by Vice-President Cheney and his former company, Halliburton, the credibility of the investigation will continue to be undermined by your political conflicts of interest.
- Finally, your relationship with the Administration may also threaten the credibility of any review the investigation of insider trading violations committed by President Bush while he was on the board of Harken Energy as the public and Congress seek access to SEC records on this matter.

As the cloud of corporate misconduct continues to hang over American markets and our nation's seniors doubt the stability of their retirement investments, I know that you share my interests in ensuring that investigations of fraud are being handled efficiently and without any appearance of conflict. It is for this reason that I hope you will consider my request and step aside as Chairman of the SEC.

Sincerely,

A handwritten signature in dark ink, appearing to read "John", followed by a period. The signature is written in a cursive, flowing style.

John Conyers, Jr.
Ranking Member

cc: Honorable F. James Sensenbrenner, Jr.